Distributed Generation

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NATIONAL LAW 27.424 - DISTRIBUTED GENERATION

Key aspects:
- Enables self-generation from renewable sources nationwide
- Net-billing, excess energy recognition at avoided cost
- Generation capacity equals demand capacity contract
- Promotional incentives, financial and tax benefits for supply and demand
- Creation of promotional trust fund “FODIS”

Main objectives
- Mitigation of CO₂ emissions
- Energy efficiency
- Electrical loss reduction
- Economic savings
- Local industry development and job creation
- National dispatch coordination
Demand-side incentives:
- Promotional financing options
- Tax credit certificates
- National tax exemptions for excess energy
- Others

Supply-side incentives:
- National Industry Development Program
- Promotional financing
- Tax credit certificates
- Accelerated amortization for investments
- Others
NATIONAL LAW 27.424 – WHY NET-BILLING?

Net-Metering + Feed-in Tariff

Net-Billing + Incentives

- $Excess energy: avg. wholesale price
- $Energy demand: retail price

$Excess < $Demand

- Incentivizes self-consumption and energy efficiency.
- Price to DG user less attractive than net-metering, but minimizes cross-subsidies on grid fixed costs.
- Less impact on distribution grid equals faster implementation!
**Presidential Decree 986/2018:**
- Target of 1,000 MW of DG capacity for 2030
- Sets regulatory roles

**Secretary of Energy Resolution 314/2018:**
- Defines authorization procedures
- User categories based on DG capacity:
  - Fast-track on small and medium sized systems
  - Maximum system size of 2 MW
- Certified installer requirements
- Bi-directional meter requirements

**Undersecretary of Renewable Energy Dispositions:**
- Web-platform implementation for authorizations
- Creation of FODIS trust fund for incentives
- Safety standards and technical requirements
REGULATORY UPDATE – AUTHORIZATION PROCESS

Full-Online Authorization Process:
• Authentication with national ID
• Clear requirements: faster processing minimizing errors
• Direct connection between User+Installer+Utility
• Allows national dispatch planning and systems audit (tax exemptions)

Grid-Side Requirements:
• Fast-track for solar PV based on system size:
  • Up to 3 kW: Automatic approval until 20% of secondary circuit capacity is met
  • Up to 300 kW: Automatic approval until 10% of secondary circuit capacity is met
  • From 300 kW to 2 MW: check voltage and/or grid impact
• In case of denial, Utility must present grid analysis results

System-Side Requirements:
• Component safety requirements based on local (IRAM) or international standards (IEC)
• Minimum installation and protection requirements based on industry best-practices
• Qualified Installer is required to submit all documentation and assumes liability
REGULATORY UPDATE – CURRENT STATUS AND NEXT STEPS

May 2019 Status:

- Online platform operational and processing requests
- 8/23 local jurisdictions already adhered, some including additional incentives
- 5 major distribution utilities processing authorization requests
- 45% of electricity users nationwide (~7M) enabled to start authorization process

Next Steps in 2019:

- Issue requirements for “other renewable technologies”
- Implement promotional financing and tax credit certificates
- Issue Installer Reference Guides for system design and installation
Questions?

More information (in Spanish):
https://www.argentina.gob.ar/energia/generacion-distribuida

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